

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6262

BILL NUMBER: SB 113

NOTE PREPARED: Dec 3, 2014

BILL AMENDED:

SUBJECT: Direct Wine Sales.

FIRST AUTHOR: Sen. Boots

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: *Permit Requirements:* This bill removes certain requirements for the issuance of a direct wine seller's permit concerning: (1) filing of surety bonds or depositing cash in escrow; and (2) wine distribution through wholesalers.

Consumer Requirements: The bill also removes requirements that before a direct wine seller may sell wine to a consumer: (1) the consumer must provide information in one face-to-face transaction at the seller's place of business; or (2) under certain circumstances, the consumer must provide a verified statement that the consumer is at least 21 years of age, and the seller must provide the name and address of the consumer to the Alcohol and Tobacco Commission (ATC).

It allows a direct wine seller to sell and ship wine directly to a consumer if the consumer provides: (1) the consumer's name; (2) a valid delivery address and telephone number; (3) proof of age by a state government-issued or federal government-issued identification card showing the consumer to be at least 21 years of age; and (4) a verified statement that the consumer satisfies certain requirements.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Permit Requirements:* The bill is not expected to have a significant impact on the ATC's administrative costs. It could potentially reduce the ATC's costs if it simplifies the application process for direct wine seller's permits.

Explanation of State Revenues: Summary -

Permit Requirements: The bill removes certain requirements for a direct wine seller's permit. This provision could potentially allow more businesses to qualify for the permit. To the extent that the ATC issues additional direct wine seller's permits, revenue from permit fees could increase. The \$100 annual permit fee is deposited in the state General Fund (66%) and the Enforcement and Administration Fund (34%).

Consumer Requirements: The bill removes the requirement that a consumer must provide information in an initial face-to-face transaction before purchasing wine from a direct wine seller. (The information must be provided, but a face-to-face transaction is not required.) Because this provision increases the convenience of purchasing wine, it could potentially increase total wine sales. To the extent that wine sales increase, revenue from the Alcoholic Beverage Tax on wine and the state Sales Tax could increase.

Additional Information -

Consumer Requirements: The amount of a potential increase in sales by direct wine sellers is indeterminable. Any increase would likely be caused by growth in Internet wine sales. Research has found that customers could obtain some types of wine online for a lower price than they might find elsewhere. However, any savings would be highly variable, depending on the type and quantity of wine and the shipping cost.

The \$0.47 per gallon tax on wine is deposited in the following funds: state General Fund (\$0.20), Post War Construction Fund (\$0.16), Wine Grape Market Development Fund (\$0.05), Enforcement and Administration Fund (\$0.04), and Addiction Services Fund (\$0.02). Fifty percent of the General Fund distribution is allocated to cities and towns based on population.

Sales Tax revenue is distributed to the state General Fund (98.848%), the Motor Vehicle Highway Account (1%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues could be impacted to the extent that cities and towns receive distributions from Alcoholic Beverage Tax revenue. However, any increase is likely to be small.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: Alan E. Wiseman and Jerry Ellig, 2004. "Market and Nonmarket Barriers to Internet Wine Sales: The Case of Virginia."

Fiscal Analyst: Lauren Tanselle, 317-232-9586.